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UNCLAS SECTION 01 OF 02 DOHA 001764

SIPDIS

STATE FOR NEA/ARPI, NEA/RA

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [QA](#)

SUBJECT: AMIR'S INAUGURAL ADDRESS TO ADVISORY COUNCIL

11. (U) Summary. On Tuesday, October 11th, the Amir Sheikh Hamad Bin Khalifa Al-Thani delivered the opening address to the 34th session of the Advisory Council. The Amir's speech was perhaps more noteworthy for what it did not say, as opposed to what it said. The speech touched on Qatar's economic development and gains, and the permanent constitution, which came into effect last June. Absent from the address, however, was any mention of the timing of elections to the Advisory Council. End Summary.

12. (U) In a speech largely touching on the country's economic development and growth, the Amir, Sheikh Hamad Bin Khalifa Al-Thani, inaugurated the 34th session of the Advisory Council on Tuesday, October 11th. The Amir began his speech to the members of the Advisory Council hailing the recently implemented permanent constitution, which according to him "crowned the phase of finalizing the institutional and legislative framework of the state of institutions and law that is based on the separation of powers." In his speech, the Amir announced a shift in the State's focus and presented a framework for good governance. While the Amir praised the implementation of the new constitution, he stressed that the more difficult challenges lie ahead: ensuring good governance and government efficiency, which are fundamental for advancing Qatar's social and economic development.

13. (U) To achieve these new priorities, the Amir stressed that both public and private sectors must play critical roles. According to the Amir, the State will direct its attention toward "creative executive work," i.e., improving the "management and work systems in the State organs." To this end, the Amir mentioned that the State had already freed some important sectors and utilities from governmental restrictions and rules and established free zones and financial centers with systems that meet international standards. While he acknowledged Qatar's overall good economic performance, the Amir called on the private sector, in particular financial institutions, to create investment opportunities that would "absorb the savings of citizens and the surplus of development."

14. (U) In reviewing Qatar's economic progress over the last decade, the Amir presented a state and economy in robust good health, with essential services such as education and universal health care for citizens. The Amir also stressed that while citizens' rights are protected, those rights are balanced by their duties to the State. The Amir provided an inventory of positive economic achievements: An increase in GNP to approximately QR103.5 bn (US\$ 28.4 billion) in 2004 from about QR29.5 bn (US\$ 8.1 billion) in 1995; and a record annual growth rate of more than 13% during the last ten years, a rate which in 2004 alone exceeded 20% and which is expected to be surpassed in 2005. These positive economic indicators were marred by an increase in the rate of inflation, which according to the Amir "rose considerably" in 2004 and 2005. While the Amir did not reveal what was the actual rate of inflation, he did call on the Advisory Council to study the problem and forward proposals for resolving it. One of the factors fueling the rise in the rate of inflation are the soaring rents for commercial and housing properties in Qatar. Calling for the Advisory Council to look into the inflation "phenomenon," however, can be seen as a calculated move on the part of the Amir. On the one hand, he wants to be responsive to this growing problem, while on the other does not want to directly jeopardize the "good results" in Qatar's economic activities, to which the construction boom is a major contributor.

15. (U) The Amir's remarks on the importance of embracing a culture based on competition, transparency and accountability as the elements of success in accordance with international standards could be a signal to government agencies on the coming changes Qatar must make in order to have a Free Trade Agreement that Qatar is eager to sign with the U.S. The Amir then highlighted a number of economic reforms which have already been undertaken to provide a suitable climate for investment, including the establishment of the Qatar Financial Centre to attract foreign financial institutions with the opportunity for 100% foreign ownership and allowing foreign investors to own up to 25% of the shares on the Doha securities market.

16. (U) The Amir's remarks on Qatar's foreign policy were

sparse at best. The Amir stated that strengthening relations with and integration among the GCC countries top Qatar's foreign policy agenda. The Amir then welcomed the new Sudanese government and the steps it took to end the conflict in Darfur, and he expressed hope that the peace process in "brotherly Somalia" would continue. These were the only two foreign countries mentioned by name in his address.

17. (U) Absent from the Amir's speech was any mention of the pending parliamentary elections--this despite his emphasis on the importance of the recently promulgated constitution and the onset of its implementation, a milestone in Qatar's history. This suggests that the elections will not take place soon, not much of a surprise given that last June the mandate of the Advisory Council was extended for another year. Note: Post believes that elections will be held in early 2007. End note.

18. (U) Overall, the Amir's speech was well received by the members of the Advisory Council and by those in the business and foreign communities. General sentiments were that the Amir provided a good sketch of Qatar's domestic and foreign policy agenda and forwarded a clear message for greater coordination and effort within and between the public and private sectors.

19. (U) The Amir's speech was followed by that of the chairman of the Advisory Council, Mr. Mohamed Al-Kholaifi. In his speech, Al-Kholaifi praised the Amir's agenda. In particular, the chairman called attention to the advancement of women in leadership positions in the government and private sectors. He stressed that Qatari women are enjoying full political rights. With respect to international issues, the chairman expressed hope for a complete Israeli withdrawal from all Palestinian territories and a permanent and comprehensive peace settlement. Al-Kholaifi also condemned the Israeli occupation of Syria's Golan Heights and the Sheba farm area in Southern Lebanon. In referring to the situation in Iraq, Al-Kholaifi expressed his wish for unity among all Iraqis.

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